

NEW LONDON COMMUNITY SCHOOL DISTRICT
NEW LONDON, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

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NEW LONDON COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2008 Election)		
Laurie Hempen	President	2011
Bob McPheron	Vice President	2009
Joel Prottzman	Board Member	2008
Kelly Kadel	Board Member	2009
Dennis Carter	Board Member	2011
<u>Board of Education</u>		
(After September 2008 Election)		
Laurie Hempen	President	2011
Bob McPheron	Vice President	2009
Kelly Kadel	Board Member	2009
Dennis Carter	Board Member	2011
Joel Prottzman	Board Member	2011
<u>School Officials</u>		
Charles Reighard	Superintendent	2009
Jessica Boyer	District Secretary/Treasurer	2009
Richard J. Gaumer	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
New London Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New London Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New London Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2009 on our consideration of New London Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Budgetary Comparison Information on pages 38 through 39 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New London Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
November 12, 2009

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Basic Financial Statements

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 981,341	\$ 87,966	\$ 1,069,307
Receivables:			
Property tax:			
Current year	26,995	-	26,995
Succeeding year	1,309,000	-	1,309,000
Income surtax	176,126	-	176,126
Accounts	1,317	-	1,317
Due from other governments	120,467	-	120,467
Inventories	-	813	813
Restricted ISCAP assets (note 3):			
Investments	2,171,304	-	2,171,304
Accrued interest receivable	10,612	-	10,612
Prepaid expenses	18,340	-	18,340
Capital assets, net of accumulated depreciation (note 4)	1,942,048	14,044	1,956,092
Total assets	6,757,550	102,823	6,860,373
Liabilities			
Accounts payable	66,405	-	66,405
ISCAP warrants payable (note 3)	2,140,000	-	2,140,000
ISCAP accrued interest payable (note 3)	11,697	-	11,697
ISCAP unamortized premium (note 3)	34,195	-	34,195
Deferred revenue:			
Succeeding year property tax	1,309,000	-	1,309,000
Other	72,987	-	72,987
Long-term liabilities (note 5):			
Portion due within one year:			
Compensated absences	10,446	-	10,446
Total liabilities	3,644,730	-	3,644,730

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets	\$ 1,942,048	\$ 14,044	\$ 1,956,092
Restricted for:			
Categorical funding	42,590	-	42,590
Management levy	41,430	-	41,430
Public education and recreation levy	96,706	-	96,706
Physical plant and equipment levy	179,619	-	179,619
Other special revenue purposes	100,157	-	100,157
Capital projects	501,356	-	501,356
Unrestricted	208,914	88,779	297,693
Total net assets	\$ 3,112,820	\$ 102,823	\$ 3,215,643

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 3,868,498	\$ 512,125	\$ 595,124	\$ -
Support services:				
Student services	111,955	-	9,389	-
Instructional staff services	108,814	-	-	-
Administration services	557,680	-	-	-
Operation and maintenance of plant services	398,629	192	-	-
Transportation services	297,280	35,274	-	-
	1,474,358	35,466	9,389	-
Other expenditures:				
Facilities acquisition	41,503	-	-	14,975
AEA flowthrough	201,220	-	201,220	-
Depreciation (unallocated) *	68,562	-	-	-
	311,285	-	201,220	14,975
Total governmental activities	5,654,141	547,591	805,733	14,975
Business-Type Activities:				
Non-instructional programs:				
Food service operations	166,557	94,588	105,096	-
Total	\$ 5,820,698	\$ 642,179	\$ 910,829	\$ 14,975

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,761,249)	\$ -	\$ (2,761,249)
(102,566)	-	(102,566)
(108,814)	-	(108,814)
(557,680)	-	(557,680)
(398,437)	-	(398,437)
(262,006)	-	(262,006)
(1,429,503)	-	(1,429,503)
(26,528)	-	(26,528)
-	-	-
(68,562)	-	(68,562)
(95,090)	-	(95,090)
(4,285,842)	-	(4,285,842)
-	33,127	33,127
(4,285,842)	33,127	(4,252,715)

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs

General Revenues:

Property tax levied for:
 General purposes
 Public education and recreation
 Capital outlay
Income surtax
Statewide sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
 in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 1,229,407	\$ -	\$ 1,229,407
10,880	-	10,880
43,828	-	43,828
184,138	-	184,138
344,758	-	344,758
2,687,543	-	2,687,543
70,620	548	71,168
29,687	-	29,687
<u>4,600,861</u>	<u>548</u>	<u>4,601,409</u>
315,019	33,675	348,694
<u>2,797,801</u>	<u>69,148</u>	<u>2,866,949</u>
<u>\$ 3,112,820</u>	<u>\$ 102,823</u>	<u>\$ 3,215,643</u>

NEW LONDON COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 54,883	\$ 476,138	\$ 362,381	\$ 893,402
Receivables:				
Property tax:				
Current year	24,393	-	2,602	26,995
Succeeding year	1,169,000	-	140,000	1,309,000
Income surtax	136,987	-	39,139	176,126
Accounts	924	-	-	924
Due from other governments	95,249	25,218	-	120,467
Restricted ISCAP assets (note 3):				
Investments	2,171,304	-	-	2,171,304
Accrued interest receivable	10,612	-	-	10,612
Prepaid expenses	-	-	18,340	18,340
Total assets	<u>\$ 3,663,352</u>	<u>\$ 501,356</u>	<u>\$ 562,462</u>	<u>\$ 4,727,170</u>

NEW LONDON COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 61,855	\$ -	\$ 4,550	\$ 66,405
ISCAP warrants payable (note 3)	2,140,000	-	-	2,140,000
ISCAP accrued interest payable (note 3)	11,697	-	-	11,697
ISCAP unamortized premium (note 3)	34,195	-	-	34,195
Deferred revenue:				
Succeeding year property tax	1,169,000	-	140,000	1,309,000
Other	209,974	-	39,139	249,113
Total liabilities	<u>3,626,721</u>	<u>-</u>	<u>183,689</u>	<u>3,810,410</u>
Fund balances:				
Reserved for:				
Categorical funding	42,590	-	-	42,590
Prepaid expenses	-	-	18,340	18,340
Unreserved:				
Designated for On the Right Track	-	-	20,000	20,000
Undesignated, reported in:				
General fund	(5,959)	-	-	(5,959)
Special revenue funds	-	-	340,433	340,433
Capital projects fund	-	501,356	-	501,356
Total fund balances	<u>36,631</u>	<u>501,356</u>	<u>378,773</u>	<u>916,760</u>
Total liabilities and fund balances	<u>\$ 3,663,352</u>	<u>\$ 501,356</u>	<u>\$ 562,462</u>	<u>\$ 4,727,170</u>

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances of governmental funds	\$ 916,760
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,942,048
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	176,126
The Internal Service Fund is used to charge the costs of the District's Section 125 benefits plan to the governmental funds. The net assets of the Internal Service Fund are therefore included in governmental activities.	88,332
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(10,446)</u>
Net assets of governmental activities	<u>\$ 3,112,820</u>
See notes to financial statements.	

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,296,421	\$ 344,758	\$ 162,933	\$ 1,804,112
Tuition	303,108	-	-	303,108
Other	175,643	3,727	196,774	376,144
Intermediate sources	176	-	-	176
State sources	3,274,450	-	143	3,274,593
Federal sources	203,607	-	-	203,607
Total revenues	<u>5,253,405</u>	<u>348,485</u>	<u>359,850</u>	<u>5,961,740</u>
Expenditures:				
Current:				
Instruction	3,724,478	-	160,742	3,885,220
Support services:				
Student services	111,955	-	-	111,955
Instructional staff services	70,904	-	35,167	106,071
Administration services	518,549	-	37,997	556,546
Operation and maintenance of plant services	352,712	7,810	25,804	386,326
Transportation services	206,757	58,592	5,706	271,055
	<u>1,260,877</u>	<u>66,402</u>	<u>104,674</u>	<u>1,431,953</u>
Other expenditures:				
Facilities acquisition	-	200,822	10,273	211,095
AEA flowthrough	201,220	-	-	201,220
	<u>201,220</u>	<u>200,822</u>	<u>10,273</u>	<u>412,315</u>
Total expenditures	<u>5,186,575</u>	<u>267,224</u>	<u>275,689</u>	<u>5,729,488</u>
Excess of revenues over expenditures	66,830	81,261	84,161	232,252
Fund balances beginning of year	<u>(30,199)</u>	<u>420,095</u>	<u>294,612</u>	<u>684,508</u>
Fund balances end of year	<u>\$ 36,631</u>	<u>\$ 501,356</u>	<u>\$ 378,773</u>	<u>\$ 916,760</u>

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 232,252

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 169,592	
Depreciation expense	<u>(125,862)</u>	43,730

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 7,420

The change in net assets of the Internal Service Fund represents an overcharge to the governmental funds served. The expenses for governmental activities in the Statement of Activities are adjusted to reflect this amount. 35,112

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	<u>(3,495)</u>
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Change in net assets of governmental activities \$ 315,019

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009

	Enterprise - School Nutrition	Internal Service - Section 125 Benefits
Assets		
Cash and cash equivalents	\$ 87,966	\$ 87,939
Accounts receivable	-	393
Inventories	813	-
Capital assets, net of accumulated depreciation (note 4)	14,044	-
Total assets	<u>102,823</u>	<u>88,332</u>
Liabilities		
None	<u>-</u>	<u>-</u>
Net Assets		
Invested in capital assets	14,044	-
Unrestricted	<u>88,779</u>	<u>88,332</u>
Total net assets	<u>\$ 102,823</u>	<u>\$ 88,332</u>

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2009

	Enterprise - School Nutrition	Internal Service - Section 125 Benefits
Operating revenues:		
Local sources:		
Charges for services	\$ 94,588	\$ 501,176
Operating expenses:		
Non-instructional programs:		
Non-instructional operations:		
Salaries	48,696	-
Benefits	6,465	-
Purchased services	1,672	-
Supplies	107,343	-
Depreciation	2,360	-
Other	21	466,064
	<u>166,557</u>	<u>466,064</u>
Operating income (loss)	<u>(71,969)</u>	<u>35,112</u>
Non-operating revenues:		
Interest on investments	548	-
State sources	2,463	-
Federal sources	102,633	-
Total non-operating revenues	<u>105,644</u>	<u>-</u>
Change in net assets	33,675	35,112
Net assets beginning of year	<u>69,148</u>	<u>53,220</u>
Net assets end of year	<u>\$ 102,823</u>	<u>\$ 88,332</u>

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Enterprise - School Nutrition	Internal Service - Section 125 Benefits
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 94,472	\$ -
Cash received from miscellaneous operating activities	462	501,167
Cash payments to employees for services	(62,581)	-
Cash payments to suppliers for goods or services	<u>(96,044)</u>	<u>(466,064)</u>
Net cash provided by (used by) operating activities	<u>(63,691)</u>	<u>35,103</u>
Cash flows from non-capital financing activities:		
State grants received	2,463	-
Federal grants received	<u>89,530</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>91,993</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(2,524)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>548</u>	<u>-</u>
Net increase in cash and cash equivalents	26,326	35,103
Cash and cash equivalents beginning of year	<u>61,640</u>	<u>52,836</u>
Cash and cash equivalents end of year	<u>\$ 87,966</u>	<u>\$ 87,939</u>

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Enterprise - School Nutrition	Internal Service - Section 125 Benefits
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (71,969)	\$ 35,112
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation	2,360	-
Commodities used	13,154	-
(Increase) decrease in accounts receivable	346	(9)
(Increase) in inventories	(162)	-
(Decrease) in salaries and benefits payable	(7,420)	-
Net cash provided by (used by) operating activities	\$ <u>(63,691)</u>	\$ <u>35,103</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$13,154 of federal commodities.

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>34,795</u>
Liabilities:	
None	<u>-</u>
Net assets:	
Reserved for scholarships	\$ <u><u>34,795</u></u>

See notes to financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2009

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>779</u>
Deductions:	
Support services:	
Scholarships awarded	1,600
Supplies	<u>8,084</u>
Total deductions	<u>9,684</u>
Change in net assets	(8,905)
Net assets beginning of year	<u>43,700</u>
Net assets end of year	\$ <u><u>34,795</u></u>
See notes to financial statements.	

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

New London Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of New London, Iowa, and agricultural territory in Henry and Des Moines Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, New London Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. New London Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Henry County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Internal Service, Section 125 Benefits Fund is used to account for the Section 125 benefits plan offered by the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2009 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	1,000
Improvements other than buildings	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds and the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$961,858.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 2. Cash and Pooled Investments (continued)

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>1,133,979</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2008-09A	6/26/2008	6/25/2009	\$ -	\$ 2,432	\$ -	\$ -	-
2008-09B	1/21/2009	1/21/2010	866,974	8,019	856,000	11,257	9,339
2009-10A	6/25/2009	6/23/2010	1,304,330	161	1,284,000	440	24,856
Total			\$ <u>2,171,304</u>	\$ <u>10,612</u>	\$ <u>2,140,000</u>	\$ <u>11,697</u>	\$ <u>34,195</u>

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 3. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ <u> - </u>	\$ <u> 750,000 </u>	\$ <u> 750,000 </u>	\$ <u> -</u>

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.50%	3.469%
2008-09B	3.00%	2.110%
2009-10A	2.50%	0.902%

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,701	\$ -	\$ -	\$ 47,701
Construction in progress	82,148	-	82,148	-
Total capital assets not being depreciated	<u>129,849</u>	<u>-</u>	<u>82,148</u>	<u>47,701</u>
Capital assets being depreciated:				
Buildings	2,997,762	141,172	-	3,138,934
Improvements other than buildings	206,117	16,429	-	222,546
Furniture and equipment	969,561	94,139	62,988	1,000,712
Total capital assets being depreciated	<u>4,173,440</u>	<u>251,740</u>	<u>62,988</u>	<u>4,362,192</u>
Less accumulated depreciation for:				
Buildings	1,533,845	53,168	-	1,587,013
Improvements other than buildings	179,136	2,536	-	181,672
Furniture and equipment	691,990	70,158	62,988	699,160
Total accumulated depreciation	<u>2,404,971</u>	<u>125,862</u>	<u>62,988</u>	<u>2,467,845</u>
Total capital assets being depreciated, net	<u>1,768,469</u>	<u>125,878</u>	<u>-</u>	<u>1,894,347</u>
Governmental activities capital assets, net	<u>\$ 1,898,318</u>	<u>\$ 125,878</u>	<u>\$ 82,148</u>	<u>\$ 1,942,048</u>

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 4. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 99,820	\$ 2,524	\$ -	\$ 102,344
Less accumulated depreciation	<u>85,940</u>	<u>2,360</u>	<u>-</u>	<u>88,300</u>
Business-type activities capital assets, net	<u>\$ 13,880</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ 14,044</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 12,774
Support services:	
Instructional staff	2,743
Administration	4,370
Operation and maintenance of plant services	11,331
Transportation	<u>26,082</u>
	57,300
Unallocated depreciation	<u>68,562</u>
Total governmental activities depreciation expense	<u>\$ 125,862</u>
Business-type activities:	
Food service operations	<u>\$ 2,360</u>

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>Compensated Absences</u>
Balance beginning of year	\$ 6,951
Additions	10,446
Reductions	<u>6,951</u>
Balance end of year	<u>\$ 10,446</u>
Due within one year	<u>\$ 10,446</u>

Note 6. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$197,804, \$177,377, and \$156,907, respectively, equal to the required contributions for each year.

Note 7. Risk Management

New London Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$201,220 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 9. Construction Commitments

The District has entered into a contract totaling \$74,425 for new gym bleachers. As of June 30, 2009, work had not yet begun on the project.

Required Supplementary Information

NEW LONDON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2009

	Governmental Funds - Actual	Proprietary Fund - Enterprise - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 2,483,364	\$ 95,136	\$ 2,578,500	\$ 2,443,911	\$ 134,589
Intermediate sources	176	-	176	-	176
State sources	3,274,593	2,463	3,277,056	3,465,713	(188,657)
Federal sources	203,607	102,633	306,240	315,000	(8,760)
Total revenues	5,961,740	200,232	6,161,972	6,224,624	(62,652)
EXPENDITURES/EXPENSES:					
Instruction	3,885,220	-	3,885,220	4,543,505	658,285
Support services	1,431,953	-	1,431,953	2,385,000	953,047
Non-instructional programs	-	166,557	166,557	276,112	109,555
Other expenditures	412,315	-	412,315	614,344	202,029
Total expenditures/expenses	5,729,488	166,557	5,896,045	7,818,961	1,922,916
Excess (deficiency) of revenues over (under) expenditures/ expenses	232,252	33,675	265,927	(1,594,337)	1,860,264
Balance beginning of year	684,508	69,148	753,656	759,782	(6,126)
Balance end of year	\$ <u>916,760</u>	\$ <u>102,823</u>	\$ <u>1,019,583</u>	\$ <u>(834,555)</u>	\$ <u>1,854,138</u>

See accompanying independent auditor's report.

NEW LONDON COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

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Other Supplementary Information

NEW LONDON COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue				
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	\$ 26,179	\$ 100,157	\$ 96,477	\$ 139,568	\$ 362,381
Receivables:					
Property tax:					
Current year	1,461	-	229	912	2,602
Succeeding year	86,000	-	11,000	43,000	140,000
Income surtax	-	-	-	39,139	39,139
Prepaid expenses	18,340	-	-	-	18,340
Total assets	<u>\$ 131,980</u>	<u>\$ 100,157</u>	<u>\$ 107,706</u>	<u>\$ 222,619</u>	<u>\$ 562,462</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 4,550	\$ -	\$ -	\$ -	\$ 4,550
Deferred revenue:					
Succeeding year property tax	86,000	-	11,000	43,000	140,000
Other	-	-	-	39,139	39,139
Total liabilities	<u>90,550</u>	<u>-</u>	<u>11,000</u>	<u>82,139</u>	<u>183,689</u>
Fund balances:					
Reserved for:					
Prepaid expenses	18,340	-	-	-	18,340
Unreserved:					
Designated for On the Right Track	-	-	20,000	-	20,000
Undesignated	23,090	100,157	76,706	140,480	340,433
Total fund balances	<u>41,430</u>	<u>100,157</u>	<u>96,706</u>	<u>140,480</u>	<u>378,773</u>
Total liabilities and fund balances	<u>\$ 131,980</u>	<u>\$ 100,157</u>	<u>\$ 107,706</u>	<u>\$ 222,619</u>	<u>\$ 562,462</u>

See accompanying independent auditor's report.

NEW LONDON COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2009

	Special Revenue				Total
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax	\$ 69,410	\$ -	\$ 10,867	\$ 82,656	\$ 162,933
Other	15,229	164,259	16,224	1,062	196,774
State sources	80	-	13	50	143
Total revenues	<u>84,719</u>	<u>164,259</u>	<u>27,104</u>	<u>83,768</u>	<u>359,850</u>
Expenditures:					
Current:					
Instruction	-	160,742	-	-	160,742
Support services:					
Instructional staff services	-	-	-	35,167	35,167
Administration services	37,997	-	-	-	37,997
Operation and maintenance of plant services	25,324	-	480	-	25,804
Transportation services	5,706	-	-	-	5,706
Other expenditures:					
Facilities acquisition	-	-	-	10,273	10,273
Total expenditures	<u>69,027</u>	<u>160,742</u>	<u>480</u>	<u>45,440</u>	<u>275,689</u>
Excess of revenues over expenditures	15,692	3,517	26,624	38,328	84,161
Fund balances beginning of year	<u>25,738</u>	<u>96,640</u>	<u>70,082</u>	<u>102,152</u>	<u>294,612</u>
Fund balances end of year	<u>\$ 41,430</u>	<u>\$ 100,157</u>	<u>\$ 96,706</u>	<u>\$ 140,480</u>	<u>\$ 378,773</u>

See accompanying independent auditor's report.

NEW LONDON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 10,215	\$ 76,378	70,978	\$ 15,615
Art Club	117	-	-	117
Class of:				
2007	637	-	287	350
2008	1,808	-	-	1,808
2009	1,620	-	-	1,620
2010	647	5,141	5,497	291
2012	549	180	-	729
2013	315	139	-	454
2016	-	150	127	23
Masqued Tigers	5,205	1,198	1,926	4,477
Future Homemakers of America	315	-	-	315
Foreign Language Club	82	-	-	82
Instrumental Music	549	2,521	2,749	321
Student Council	4,459	7,163	6,309	5,313
Elementary Student Advisory Council	7,788	3,296	3,741	7,343
Yearbook	7,153	6,356	7,904	5,605
Middle School Enrichment	3,372	-	-	3,372
Middle School Student Council	1,868	3,984	1,532	4,320
Middle School Cheerleaders	239	-	-	239
High School Cheerleaders	1,663	2,010	2,301	1,372
Music and Drama	895	4,900	5,656	139
Vocal Music:				
High School	1,621	625	-	2,246
Middle School	62	-	-	62
New London Tigerettes	4,744	943	738	4,949
Interest on Investments	5,787	1,089	1,875	5,001
Boys Basketball	5,145	2,023	1,154	6,014
Sixth Grade Projects	3,207	2,433	1,907	3,733
Tiger Tales Book Store	242	1,036	1,001	277
Playground	746	-	-	746
Middle School Volleyball	370	-	60	310
Tiger Football	3,908	7,330	10,242	996
Tiger Wrestling	46	3,168	2,692	522
Tiger Girls Basketball	7,369	11,010	10,384	7,995
Burkhart Girls Basketball	971	-	439	532
Tiger Volleyball	2,320	11,940	10,671	3,589
Tiger Softball	3,882	1,725	1,830	3,777
Tiger Baseball	951	2,876	2,947	880
Boys Baseball	399	195	595	(1)

NEW LONDON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Boys Track	\$ 1,131	\$ 1,329	\$ 1,274	\$ 1,186
SADD Club	227	-	-	227
Dragon Boat	159	-	-	159
Entrepreneurship Club	152	-	-	152
High School Boys Golf	1,258	646	520	1,384
Middle School Softball	630	87	467	250
High School Girls Golf	781	646	520	907
Clark Cards	1,036	1,742	2,419	359
Total	\$ 96,640	\$ 164,259	\$ 160,742	\$ 100,157

See accompanying independent auditor's report.

NEW LONDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

		Modified Accrual Basis Years Ended June 30,								
		2009	2008	2007	2006	2005				
Revenues:										
Local sources:										
Local tax	\$	1,804,112	\$	1,707,429	\$	1,656,080	\$	1,591,318	\$	1,327,471
Tuition		303,108		260,611		170,869		192,869		197,809
Other		376,144		441,751		331,331		306,179		201,871
Intermediate sources		176		-		-		-		-
State sources		3,274,593		3,085,211		2,751,262		2,712,146		2,369,276
Federal sources		203,607		237,343		220,729		124,892		194,018
Total revenues	\$	<u>5,961,740</u>	\$	<u>5,732,345</u>	\$	<u>5,130,271</u>	\$	<u>4,927,404</u>	\$	<u>4,290,445</u>
Expenditures:										
Instruction	\$	3,885,220	\$	3,726,013	\$	3,388,690	\$	3,298,584	\$	3,139,664
Support services:										
Student services		111,955		110,834		101,376		97,041		85,562
Instructional staff services		106,071		114,442		110,957		72,122		173,748
Administration services		556,546		594,899		513,020		487,501		466,970
Operation and maintenance of plant services		386,326		383,841		419,060		457,882		394,744
Transportation services		271,055		264,996		216,290		185,782		239,801
Other expenditures:										
Facilities acquisition		211,095		290,731		461,344		178,013		3,662
AEA flowthrough		201,220		185,711		168,638		164,835		154,091
Total expenditures	\$	<u>5,729,488</u>	\$	<u>5,671,467</u>	\$	<u>5,379,375</u>	\$	<u>4,941,760</u>	\$	<u>4,658,242</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
New London Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of New London Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New London Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New London Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New London Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects New London Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of New London Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by New London Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-B-09 and I-C-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New London Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about New London Community School District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

New London Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit New London Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of New London Community School District and other parties to whom New London Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of New London Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
November 12, 2009

NEW LONDON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one individual handles most of the duties involved in the receipts, disbursements and payroll functions.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate alternatives and implement where possible.

Conclusion – Response accepted.

I-B-09 Bank Reconciliation – We noted that bank reconciliations are prepared for each bank account but are not reconciled to the general ledger. This leads to posting errors remaining undetected and many unrecorded transactions. We noted that \$56,491 of deposits in transit and \$430,759 of outstanding checks and outstanding payroll items were not included on the bank reconciliation. We also noted \$24,793 of unrecorded receipts and an unreconciled difference of \$1,084. Adjusting journal entries have been made to the general ledger to record and correct these items.

Recommendation – All bank accounts should be reconciled and tied to the general ledger each month. This allows the District to timely detect and correct errors or omissions.

Response – Bank reconciliations for all accounts will be tied to the general ledger in the future. Any differences will be investigated and corrected timely.

Conclusion – Response accepted.

I-C-09 Financial Reporting – During the audit, we identified material amounts of prepaid expenses and receipts not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all prepaid expenses and receipts are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any prepaid expenses or receipts.

Conclusion – Response accepted.

NEW LONDON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-D-09 School Nutrition Fund Accounts – The District records student meal deposits as revenue in the Enterprise, School Nutrition Fund, even though the revenue is not actually earned until the student purchases a meal. Meal revenues are being reported under lunch revenue only and not being broken out into breakfast, adult, or ala carte revenues.

Recommendation – The District should record meal deposits in a deferred revenue liability account. On a monthly basis, the District should recognize the amount of meals served as revenue and record these in their applicable meal revenue category.

Response – We will consider setting up a deferred revenue account to record meal deposits until the revenue has been earned. Then we will allocate it to the applicable meal revenue category as meals are served each month.

Conclusion – Response accepted.

NEW LONDON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

- II-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jeannette Kadel, Spouse of Board Member	Scoreboard operator	\$ 105
Cindy Phillips, Mother-in-law of Board Member	Gym painting, per bid	6,163
Ron Boyer, Spouse of Board Secretary	Door/window installation	675
Greg Lerdal, Golf Coach Owner of Deerwood Golf	Golf fees	2,900

In accordance with Chapter 279.7A of the Code of Iowa, the transactions do not appear to represent conflicts of interest.

- II-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

NEW LONDON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

- II-I-09 Certified Annual Report – We noted no significant deficiencies in the amounts reported on the Certified Annual Report. However, the report was not certified to the Iowa Department of Education on a timely basis.

Recommendation – In the future, the District should certify the Certified Annual Report in a timely manner.

Response – We will try to certify our Certified Annual Report in a timely manner in the future.

Conclusion – Response accepted.

- II-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

- II-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		344,758
Expenditures/transfers out:		
None		<u>-</u>
Ending balance	\$	<u><u>344,758</u></u>

- II-L-09 Financial Condition – The General Fund has a negative unreserved, undesignated fund balance of \$5,959.

Recommendation – The District needs to explore alternatives to restore the General Fund to a sound financial condition.

Response – The Board is aware of the condition and will continue to work on restoring the District to a sound financial condition. The General Fund negative unreserved, undesignated fund balance has improved by \$63,977 from the prior year.

Conclusion – Response accepted.

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